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ADMINISTRATIVE AND FINANCIAL MATTERS

ESTABLISHMENT OF THE PERMANENT SECRETARIAT AND ARRANGEMENTS FOR ITS FUNCTIONING

Implementation of decision 14/CP.1 on the institutional linkage of the Convention secretariat to the United Nations and related administrative matters

Note by the Executive Secretary

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I. INTRODUCTION

A. Mandate

1. Institutional and administrative matters relating to the functioning of the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) were considered by the Conference of the Parties (COP) at its first session (see FCCC/CP/1996/7). By its decision 14/CP.1,* the COP, *inter alia*:

(a) Decided that the secretariat of the Convention would be institutionally linked to the United Nations;

(b) Noted, and provisionally accepted, the administrative arrangements proposed by the Secretary-General of the United Nations to give effect to the institutional linkage, and requested the Subsidiary Body for Implementation (SBI) to review this issue; and

(c) Requested the General Assembly of the United Nations to decide to finance, from the regular programme budget of the United Nations, conference servicing costs arising from sessions of the COP and its subsidiary bodies for the duration of the institutional linkage referred to in (a) above.

2. At its first meeting, on 31 August 1995, the SBI, *inter alia*, recommended that meeting time during the biennium 1996/1997 be set at 12 weeks, resources for which were to be requested from the General Assembly. As regards administrative arrangements, the SBI took note of the discussions which had taken place between the interim secretariat and the United Nations Department for Administration and Management, and requested the Executive Secretary to pursue these discussions to a satisfactory conclusion.

3. At its second session in February/March 1996, the SBI considered a note by the Executive Secretary on the implementation of decision 14/CP.1 (see FCCC/SBI/1996/6, paras. 5-20). The SBI, *inter alia,* decided to take note of the information provided therein, including the fact that the General Assembly was to consider important institutional and budgetary matters at its fifty-first, fifty-second and fifty-fourth sessions in 1996, 1997 and 1999 respectively.

B. Scope of the note

4. This note reviews the developments that have taken place since COP 1 and that are related to the issues enumerated in paragraph 1 above. It should be read in conjunction with the following documents:

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* For decisions adopted by the Conference of the Parties at its first session, see document FCCC/CP/1995/7/Add.1.

- FCCC/CP/1996/6/Add.1 which reports on discussions that have taken place with the United Nations and the Government of Germany on the legal arrangements for the functioning of the secretariat;

- FCCC/CP/1996/6/Add.2 which considers practical preparations for the relocation of the secretariat to Bonn and possible liaison arrangements that may be needed in Geneva;

- FCCC/CP/1996/6/Add.3, a note by the President of COP 1 regarding the appointment of the head of the Convention secretariat.

C. Possible action by the Conference of the Parties

5. The COP may wish to note the information contained in this report and to decide to keep these issues under review on the basis of reports by the Executive Secretary. The COP may further wish to request the SBI to assist it in this regard. The issues that would appear to merit explicit mention in a decision include the arrangements for administrative support and the situation regarding the costs of conference servicing, including the volume of documentation for translation.

II. IMPLEMENTATION OF DECISION 14/CP.1

A. Institutional linkage of the Convention secretariat to the United Nations

6. The institutional linkage of the Convention secretariat to the United Nations, as adopted by the COP in its decision 14/CP.1, was endorsed by the General Assembly of the United Nations in operative paragraph 2 of General Assembly resolution 50/115 of 20 December 1995. By operative paragraph 3 of that resolution, the General Assembly requested the Secretary-General to review the functioning of the linkage not later than 31 December 1999, in consultation with the COP, with a view to making such modifications as may be considered desirable by both parties, and to report thereon to the General Assembly.

B. Arrangements for administrative support

7. Following consultations on this matter, which took into account the consideration of this item by the SBI, the Secretary-General, on 2 November 1995, recommended to the General Assembly in his related report (A/50/716) a transitional arrangement for the biennium 1996/1997 whereby the United Nations would:

(a) Levy a charge of 13 per cent on the funds of the Convention for programme support costs;

(b) Drawing on the proceeds of this charge, provide full administrative support services to the Convention secretariat, including administrative staff; such services to evolve to cover needs resulting from the establishment of the secretariat in Bonn; and

(c) Consider again these arrangements on the basis of a review to be undertaken by the United Nations Department of Administration and Management and the Convention secretariat, the findings of which review would be reported to the General Assembly and the COP in 1997 and reflected in the proposed Convention budget for 1998/1999.

8. By resolution 50/115, the General Assembly took note of the transitional arrangements summarized in the above paragraph and decided to review them in 1997 (see paragraph 20 below).

9. As a consequence of these arrangements, and specifically of the provision of full administrative support to the Convention secretariat, the cost of three positions for administrative staff approved by the COP in the Convention budget for 1996 have been deducted from the budget, with resulting savings of approximately $400,000 for 1996 (including overhead). A similar deduction, in the approximate amount of $282,000 (which reflects the lower staff costs in Bonn), will be incorporated in the estimates for 1997.

10. The United Nations Under-Secretary-General for Administration and Management, after consultation with the Executive Secretary, has established detailed administrative arrangements for the Convention secretariat. A summary of those arrangements is contained in paragraphs 11 to 14 below. The arrangements are based on the foundation provided by the Staff and Financial Regulations and Rules of the United Nations and the UNFCCC financial procedures (decision 15/CP.1). They also reflect the accountability of the Executive Secretary to the Secretary-General of the United Nations, through the Under-Secretary-General for Administration and Management, on administrative and financial issues. The United Nations Office at Geneva, Division of Administration, will provide the relevant personnel, financial and administrative services to the UNFCCC.

11. As regards personnel matters, the arrangements provide for the Executive Secretary to exercise full authority, under the Staff Regulations and Staff Rules of the United Nations, in matters relating to the appointment, promotion and termination of secretariat staff. Appointments will be limited to service with the Convention secretariat. The Secretary-General is to retain authority for final decisions on disciplinary and appeal matters, and on compensation claims in respect of service-incurred death, injury or disability.

12. As regards financial matters, the arrangements reflect the Executive Secretary's full authority to incur obligations under the budget approved by the COP, while the United Nations will verify, prior to payment, that the goods have been received, or the services rendered, in accordance with the documents which established the related obligation. The arrangements also provide for the Convention secretariat to be exempt from such restrictions as the Secretary-General may from time to time impose on the employment of

personnel and on the use of funds for operational requirements. The Trust fund for the core budget of the UNFCCC will be exempt from the standard United Nations requirement to establish an operational reserve, on the understanding that the UNFCCC Working Capital Reserve will be established and maintained within the Fund.

13. The financial arrangements further provide for the Executive Secretary to approve procurement of goods and services up to a maximum of $50,000 for each transaction; transactions exceeding this limit shall be approved by the Director-General of the United Nations Office at Geneva in accordance with the appropriate United Nations Financial Rule.

14. The financial arrangements summarized above will apply during the biennium 1996/1997, subject to a review which will take into account evolving needs arising from the relocation to Bonn of the Convention secretariat (see paragraphs 18-20 below).

C. Conference services

15. The General Assembly decided, by its resolution 50/115, to include 12 weeks of conference servicing facilities for the sessions of the COP and its subsidiary bodies in the calendar of meetings for 1996/1997. Related budgetary action is expected to be completed by the General Assembly at its fifty-first session, in the context of its examination of revised estimates for the biennium 1996/1997. In a recent report on this matter (A/50/7/Add.15 of 12 April 1996), the Advisory Committee on Administrative and Budgetary Questions (ACABQ) has noted that the required additional appropriation for the biennium would amount to $5,517,000 and "that such additional appropriation as may be approved by the General Assembly would be subject to the provisions of the contingency fund". At the time of writing, discussions on this matter are under way in the Fifth Committee. The Executive Secretary will follow closely the budgetary process pending on this item, which may still be subject to some uncertainty in the light of the financial situation of the United Nations, and will inform the Parties in the most expeditious manner of any decisions and their implications.

16. The ACABQ, in the above-mentioned report, raised the question of the volume of UNFCCC documents. It recommended that "in line with the economy measures being undertaken for the United Nations Secretariat, the Conference of the Parties should be requested to review the number of documents envisaged and the manner in which they are produced." The COP may wish to consider these remarks and to this end the Executive Secretary will make available to COP 2 statistics on documentation for the meetings of the COP and its subsidiary bodies.

III. ARRANGEMENTS FOR FURTHER REVIEW

17. Over the next 18 months the institutional linkage, the arrangements for administrative support and the provision of conference services will be subject to review.

18. First, the Executive Secretary and the Department of Administration and Management will review the arrangements for administrative support during the second half of 1996. This review will determine whether, and the extent to which, changes to those arrangements should be made in the light of, *inter alia*, the relocation to Bonn of the Convention secretariat. The Executive Secretary will report to the SBI at its fourth session in February 1997 on the results of this review.

19. Second, pursuant to resolution 50/115, the Secretary-General of the United Nations is to report to the General Assembly at its fifty-first session (1996) on the implementation of that resolution.

20. Third, in operative paragraph 10 of its resolution 50/115, the General Assembly has asked the Secretary-General to review the arrangements for administrative support, and for the financing of conference servicing costs, "towards the end of the biennium 1996/1997 and to report upon the results of this review to the Assembly at its fifty-second session" in 1997. This review will thus need to cover the entire spectrum of financial and personnel support arrangements, including provision and use of overhead, and also the financing of conference servicing costs after 31 December 1997. The findings will be reflected in the Convention budget for 1998/1999, and also in the United Nations programme budget for that biennium, for decision by COP 3 and the General Assembly, respectively.

21. Finally, in accordance with operative paragraph 3 of resolution 50/115, the functioning of the operational linkage between the Convention and the United Nations is to be reviewed not later than 31 December 1999.

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